Tells the Facts and Names the Names

CounterPunch

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"What's the point of having this superb military machine if you're not going to use it?"

— New Secretary of State Madeline Albright, in a conversation with Colin Powell.

America's Private Gulag

What is the most profitable industry in America? Weapons, oil and computer technology all offer high rates of return, but there is probably no sector of the economy so abloom with money as the privately-run prison industry.

Consider the growth of the Corrections Corporation of America, the industry leader whose stock price has climbed from $8 a share in 1992 to about $30 today and whose revenue rose by 81 per cent in 1995 alone. Investors in Wackenhut Corrections Corp. have enjoyed an average return of 18 per cent during the past five years and the company is rated by Forbes as one of the top 200 small businesses in the country. At Esmor, another big private prison contractor, revenues have soared from $4.6 million in 1990 to more than $25 million in 1995.

Ten years ago there were just five privately-run prisons in the country, housing a population of 2,000. Today nearly a score of private firms run more than 100 prisons with about 62,000 beds. That's still less than five per cent of the total market but the industry is expanding fast, with the number of private prison beds expected to grow to 360,000 during the next decade.

The exhilaration among leaders and observers of the private prison sector was cheerfully summed up by a recent headline in *USA Today*: "Everybody's doin' the jailhouse stock". An equally upbeat mood imbued a conference on private prisons held last December at the Four Seasons Resort in Dallas. The brochure for the conference, organized by the World Research Group, a New York-based investment firm, called the corporate takeover of correctional facilities the "newest trend in the area of privatizing previously government-run programs ... While arrests and convictions are steadily on the rise, profits are to be made — profits from crime. Get in on the ground floor of this booming industry now!"

In this issue of **CounterPunch** we provide an inside look at the "exploding industry" of private prisons. We are grateful to Paul Wright and Dan Pens, prisoners at a Washington state institution and co-editors of the excellent publication *Prison Legal News* ($20/12 issues, 2400 Northwest 80th Street #148, Seattle, WA 98117) for providing us with much material for this report, including confidential accounts they obtained from people in America's privately-run prisons.

A hundred years ago private prisons were a familiar feature of American life, with disastrous consequences. Convicts were farmed out as slave labor. They were routinely beaten and abused, fed slops and kept in horribly overcrowded cells. Conditions were so wretched that by the end of the nineteenth century private prisons were outlawed in most states.

During the past decade, private prisons have made a comeback. Already 28 states have passed legislation making it legal for private contractors to run correctional facilities and many more states are expected to follow suit.

The reasons for the rapid expansion include post-1980s free-market ideological fervor, large budget deficits for the federal and state governments and the discovery and creation of vast new reserves of "raw materials" — prisoners. The rate for most serious crimes has been dropping or stagnant for the past 15 years, but during the same period severe repeat offender provisions and a racist "get-tough" policy on drugs have helped push the US prison population up from 300,000 to around 1.5 million during the

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same period. This has produced a corresponding boom in prison construction and costs, with the federal government's annual expenditures in the area now $17 billion. In California, passage of the infamous "three strikes" bill will result in the construction of an additional 20 prisons during the next few years.

The private prison business is most entrenched at the state level but is expanding into the federal prison system as well. Last year Attorney General Janet Reno announced that five of seven new federal prisons being built will be run by the private sector. Almost all of the prisons run by private firms are low or medium security, but the companies are trying to break into the high security field as well. They have also begun taking charge of management at INS detention centers, boot camps for juvenile offenders and substance abuse programs.

Roughly half of the industry is controlled by the Nashville-based Corrections Corporation of America, which runs 46 penal institutions in 11 states. It took ten years for the company to reach 10,000 beds; it is now growing by that same number every year. CCA, as it is commonly called, is headed by Jack Massey, who founded the Hospital Corporation of America, a for-profit hospital chain.

CCA's chief competitor is Wackenhut, which was founded in 1954 by George Wackenhut, a former FBI official. Over the years its board and staff have included such veterans of the US national security state as Frank Carlucci, Bobby Ray Inman and William Casey, as well as Jorge Mas Canosa, leader of the fanatic Cuban American National Foundation. The company also provides security services to private corporations. It has supplied strikebreakers at the Pittston mine strike in Kentucky, hired unlicensed investigators to ferret out whistle blowers at Alyeska, the company that controls the Alaskan oil pipeline, and beaten anti-nuclear demonstrators at facilities it guards for the Department of Energy.

Wackenhut has a third of the private prison market with 24 contracts, nine of which were signed during the past two years. In a major coup, the company was chosen to run a 2,200 capacity prison in Hobbs, New Mexico, which will become the largest private prison in the US when it opens late this year.

Esmor, the No. 3 firm in the field, was founded only a few years ago and already operates ten corrections or detention facilities. The company's board includes William Barrett, a director of Frederick's of Hollywood, and company CEO James Slattery, whose previous experience was investing in and managing hotels.

US companies also have been expanding abroad. The big three have facilities in Australia, England and Puerto Rico, and are now looking at opportunities in Europe, Canada, Brazil, Mexico and China.

The companies that dominate the private prison business claim that they offer the taxpayers a bargain because they operate far more cheaply than do state firms. As one industry report put it, "CEOs of privatized companies ... are leaner and more motivated than their public-sector counterparts."

But even if privatization does save money — and the evidence here is contradictory — there is, in the words of Jenni Gainsborough of the ACLU's National Prison Project, "a basic philosophical problem when you begin turning over administration of prisons to people who have an interest in keeping people locked up".

To be profitable, private prison firms must ensure that prisons are not only built but also filled. Industry experts say a 90 to 95 per cent capacity rate is needed to guarantee the hefty rates of return needed to lure investors. Prudential Securities issued a wildly bullish report on CCA a few years ago but cautioned, "It takes time to bring inmate population levels up to where they cover costs. Low occupancy is a drag on profits." Still, said the report, company earnings would be strong if CCA succeeded in "ramp[ing] up population levels in its new facilities at an acceptable rate".

A 1993 report from the State Department of Corrections in New Mexico found that CCA prisons issued more disciplinary reports — with harsher sanctions imposed, including the loss of time off for good behavior — than did those run by the state. In one of the accounts passed to us by Wright and Pens, a prisoner at a CCA prison said, "State run facilities are overcrowded and there's no incentive to keep inmates as long as possible. ... CCA on the other hand reluctantly awards good time. They give it because they have to but they take it every opportunity they get ... Parole packets are constantly getting lost or misfiled. Many of us are stuck here beyond our release dates."

Private prison companies have also begun to push, even if discreetly, for the type of get-tough policies needed to ensure their continued growth. All the major firms in the field have hired big-time lobbyists, with CCA's account handled by Covington & Burling, the law firm which represents Philip Morris and the tobacco industry. When it was seeking a contract to run a halfway house in New York City, Esmor hired a onetime aide to state Rep. Edolphus Towns to lobby on its behalf. The aide succeeded in winning the contract and also the vote of his former boss, who had been an opponent of the project. In 1995, Wackenhut Chairman Tim Cole testified before the Senate Judiciary Committee to urge support for amendments to the Violent Crime Control Act — which subsequently passed — authorizing the expenditure of billions to construct and repair state prisons.

CCA has been especially adept at expansion via political payoffs. The first

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Our Air: Deadlier than Ever

The least covered environmental story of 1996 was the EPA's announcement of new air pollution standards, proclaimed on a hot news day: the Friday after Thanksgiving, November 29, when most Americans were out shopping their way into the next holiday. On that Friday the EPA finally delivered its long-awaited report on air quality. The EPA's last assessment was in 1987.

Industry had been awaiting the EPA report, ordered by a federal court in 1991, with considerable nervousness. And with good reason. The story begins more than 20 years ago, in the policy battles preceding the passage of the Clean Air Act. Environmental policy-makers and their scientific advisers were looking at two principal classes of compounds fueling the smog process: hydrocarbons and nitrogen oxides.

In the 1970s the bureaucrats decided that it would be easier to control hydrocarbons as emitted in vapors of various solvents, including benzene, kerosene, gasoline and partially burned fuel in automobile exhaust. Regulation would be a matter of controlling nozzles at the gas pumps, adding tailpipe catalysts to burn unused fuel, controlling the vapors in dry-cleaners and so forth.

This option seemed simpler than what would be required for even a minimal assault on oxides of nitrogen, generated by combustion of fuels such as coal, gas, kerosene and crude oil, and controlled by lowering the temperature of combustion. Simpler maybe, but wrong.

One consequence of the faulty bureaucratic model, as mentioned above, was the modern car equipped with its catalytic converter. The converter further oxidizes the incompletely burned fuel, that is, hydrocarbons, in the raw exhaust. These hydrocarbons are burned with the help of the platinum catalyst.

But the converter also acts as a catalyst on sulfur, a component of all gasoline. In the combustion process this sulfur is rendered into sulfur dioxide which, as it crosses the platinum in the catalytic converter, becomes sulfur trioxide, which, with the addition of water (another consequence of gasoline combustion), becomes sulfuric acid.

One classic family of toxic compounds in smog is composed of sulfates. Release sulfuric acid into urban air laden with metal particles and you produce metallic sulfates, many of which are toxic.

Now such particles have come home to kill; our air is indeed becoming more toxic. No fewer than 185 different scientific studies all tend to that conclusion. 60,000 Americans die prematurely every year from respiratory illnesses and heart attacks linked to fine particle exposure. 250,000 children a year fall victim to aggravated asthma and other respiratory disorders caused by breathing toxic air and the rate has increased by eleven per cent since 1980. Respiratory problems are now the leading cause of hospital admissions of children. In all, nearly 74 million Americans are daily exposed to harmful levels of particulate air pollution.

"Many deaths are of elderly people who are sick and who would have died within days anyway."

Industry's nervousness at the EPA review of air quality stemmed from the fact that the early decision to go easy on oxides of nitrogen meant in effect giving a pass to the utilities, incineration plants and oil refineries. But it's clear now that if air quality is to be improved these industries must be targeted.

The Geneva Steel Co. in Provo, Utah, provides a vivid illustration. Ten years ago Dr. C. Arden Pope, an economist at Brigham Young University, got students to examine hospital admissions in Provo, cross-referencing them to levels of production at the Provo steel plant. The findings were dramatic. When Geneva Steel was running full tilt, admissions for lung ailments shot up, doubling for young children. The test had the virtue of extreme clarity. The area is inhabited by Mormons, who don't smoke, and there is no other industry. The perpetrators were clear enough, tiny particles from the steel plant, one-thirtieth the diameter of a human hair. Pope's study caused a huge commotion in the enviro-scientific and enviro-bureaucratic circles. Other studies confirmed the particularly lethal effect of fine particulates containing arsenic, cadmium, chromium, lead, vanadium and zinc.

In anticipation of the EPA report, industry lobbies — among them the Air Quality Standards Coalition spearheaded by Geneva Steel — tried to discredit the health data and science while simultaneously stressing that the utilities, steel plants and refineries had done all they could do, and that once again the regulatory axe should fall on the motorist and the dry cleaner down the block. Speaking for the American Petroleum Institute, Paul Bailey said that fine particulate matter was no big deal and people seemed "actually to adapt to it". For the Automobile Manufacturers, Gerald Esper said that the publicity over increased deaths caused by exposure to fine particulates was exaggerated because "many of the deaths are of elderly people and others who are sick and who would have died within days anyway."

By late last summer the 1,500 page report was tossed nervously around the government, from the EPA to OMB and through Al Gore's office at the White House. The EPA's scientists recommended that standards on ozone and fine particulates be drastically tightened. Carol Browner, the EPA's head, had given herself bureaucratic cover by establishing a review group of industry scientists. The latter group recommended far more modest tightening of the standards. Browner ended up splitting the difference between the two. As a result, the EPA is estimating that somewhere between 20,000 and 30,000 people will continue to die each year from breathing toxic air.

During her press conference on November 29, Browner went out of her way to assure industry that the new regulations would in no way be draconian (i.e., have teeth) and that she would be pushing for "a common-sense and cost-effective option for implementation of the standards". In fact, industry seems to have won by the usual tactic of delay. We are currently in a public comment period, but it appears that cities won't have to submit plans to meet the new standards until 2002, and won't be held accountable for meeting such standards for more than a decade thereafter.■

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The Annotated Boggs

Tommy Sniffs Hawai'i

Falling into **CounterPunch**'s hands is a letter addressed by Babylon's most notorious influence-peddler, Tommy Boggs, to Clayton Hee, chairman of the Office of Hawaiian Affairs. The letter is such a matchless example of lobbyspeak that we offer it, with our footnotes clarifying the nods, winks and brazen distortions of reality that flow from Boggs as syrup from a maple tree.

The letter reveals how the Democratic machine in Hawai'i is seeking to co-opt the native sovereignty movement and turn it into a cash cow. This will be milked at leisure with the assistance of such expert facilitators as Boggs, to the benefit of a few and to the detriment of most native Hawaiians, whose heritage has been efficiently looted in like manner for over 100 years.

Dear Clayton:[1]

We very much appreciated having the opportunity to discuss your ideas for advancing the interest of Native Hawaiians.[2] As I indicated at our meeting, we believe you should focus most immediately on establishing a viable means for the State to fund a settlement of the pending lawsuit.[3] As you consider strategic options of the medium and longer term, we believe we can be helpful in developing a strategy to achieve enactment of federal (and possibly state) legislation that will advance the aspirations of Native Hawaiians that takes into account the referendum results, the hoped-for settlement of the lawsuit, and the pendency of the 1998 elections.[4]

We believe the success the Alaska Natives had in achieving a measure of self-governance and resolving their century-old land claims may prove to be a very useful model for possible federal legislation.[5] As you may recall, the Alaska Native Claims Settlement Act of 1971 provided the estimated 53,000 Eskimos, Aleuts, and Indians with nearly a billion dollars in grants and mineral revenues. The Act also established native villages and regional corporations, which collectively received 40 million acres of land. As part of the overall settlement, Alaska also was allowed to select 80 million acres of land and was assured that native groups could not challenge drilling for oil on the North Slope. In addition, provisions were included to protect existing parks and wildlife refuges and to allow the federal government to claim additional land for national parks, forests, and refuges. In short, Alaska Natives, the state and the federal government were able to find common ground that provided immense benefits.

Having represented Doyon Corporation, the largest of the regional corporations, we have a good feel for the opportunities created by implementation of the Act. Of particular importance, the Act has provided a strong base for Alaska Natives to advance their economic and cultural interests. One regional corporation, for example, has become a major landowner in Alexan-

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FOOTNOTES:

1. Clayton Hee is a former Democratic state rep in Hawai'i, now head of the forces-of-darkness faction that controls the board of trustees at the Office of Hawaiian Affairs (OHA). Hee's task is to ensure that OHA, under Democratic supervision, can become a compliant and efficient vehicle for corporate predation, and to this end he voyaged to Babylon last August.

2. This phrase has the pious timbre of a fox saying grace as he eyes the chicken coop. For many decades crusaders for native Hawaiian rights have pointed out the incredible thievery of such operations as the Bishop Estate (assets from the Hawaiian royal family supposedly held in trust for native Hawaiians) which now sits on an undispersed endowment larger than Harvard and Yale's combined.

3. This is a suit brought by OHA against the State of Hawai'i to get a cut of revenues deriving from sovereign native assets on Crown lands, such as the International Airport.

4. In November OHA organized a referendum, boycotted by many native Hawaiian groups such as Kah Lahui, designed to hustle the sovereignty issue toward a constitutional convention under safe state and corporate supervision. Boggs's reference to the "pendency of the 1998 elections" refers to the impending re-election campaign of state governor Ben Cayetano. The "hoped-for settlement of the law suit" refers to the fact that Hee's trustee faction is already sitting on many millions in Crown land revenues and may get many more from a "settlement" deal brokered by men like Boggs, with fat commissions and handling fees for all involved.

5. Boggs is here boasting that his expertise as a lobbyist may be able to bring about a federal solution for Hawaiian sovereignty issues comparable to the 1971 Alaskan Native Claims Settlement Act. The Alaskan native peoples had been pressing for recognition of traditional rights to their own lands in Alaska. The original Alaskan organization was the Alaskan Native Brotherhood. For decades it tried to recover the Tongass National Forest and millions of acres of other native lands controlled by the federal government. It wasn't until oil was discovered on the North Slope in 1968 that the US government felt any imperative to answer native claims. The oil companies did not want to invest money in Alaska until they were assured that their purchases of mineral and land rights would not be contested. The result was the 1971 Act. The native peoples got a fraction of the land they sought and promises of money and oil revenues, but these were vested in corporations set up as trustees and controlled by corporate boards. None of the regional corporations had any relationship with the traditional clan and tribal structure of the Alaskan natives. Congress pulled a sleight of hand by deferring payments for more than a decade. The regional corporations borrowed heavily in order to run the corporations, then received no money and were forced to sell their land holdings, timber and minerals in order to pay down the debt. This is the deal lauded by Boggs, who emphasizes the crucial point here: native groups could not challenge oil drilling on the North Slope.

John Borbridge, a Tlingit leader, said afterwards, "They set us down and said, 'You're a corporation, now act like one.' It would be like setting a bunch of Wall Street people down in the Arctic and saying, 'Now go catch a whale.' "

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dria, Virginia.[6] Doyon has the second largest drilling operation on the North Slope.[7] Other regional corporations have used their landholdings to become major players in tourism, mining and forestry products. Not surprisingly, Alaska Natives now are a major political force in the State.[8] With the well-established precedent on the books and in operation for over two decades, we believe the odds are good that the Administration and the 105th Congress could be persuaded to address the aspirations of Native Hawaiians. Under either Democratic or Republican control of the Senate, you would be in a very strong position given the seniority of Senators Inouye, Stevens, and Murkowski. Under Republican control of the House, Don Young of Alaska also would continue to chair the Resources Committee. Senators Inouye and Stevens have a particularly strong relationship, and Young has a strong interest in native issues. We have a very good working relationship with the Alaska delegation, having led the private-sector effort to get exports of Alaskan North Slope oil approved by the 104th Congress and signed by President Clinton.[9]

While it will not be necessary to have a definite legislative proposal in hand when you enter into the anticipated settlement discussions with the Governor, we think it would be advantageous to have considered possible options that the Governor might find attractive as part of a larger compromise with respect to all outstanding issues. As with gaming, these options should be quietly explored but not publicly advocated too early in the process. This will keep attention focused on the most important issue: the final settlement number. In the end, the Governor and the state legislature may find that gaming, land swaps, and other creative proposals could contribute to a global settlement.[10]

We would be honored to have the opportunity to work with you in formulating your overall strategy. Jeff Turner and I would be principally responsible for this effort, with other partners and associates providing assistance as necessary. We would determine our legal fees based on our standard hourly billing rates in effect when the work is performed and the number of hours worked by each attorney. At present, my rate is $550 per hour and Jeff's is $315 per hour. Generally, we adjust our billing rates for partners in January and those of our associates in October. In addition, we would bill for our out-of-pocket expenses. Although it is hard to give an estimate of our likely fees over the short term, we anticipate they would be very modest for providing overall strategic advice and evaluating possible legislative options. Should you ultimately decide to pursue enactment of federal legislation, we could evaluate at that time the likely cost of such an endeavor.

I have enclosed a copy of our public policy group brochure, which highlights our approach to problem solving, as well as an interesting *Washington Post* article that ran earlier this week.[11]

If you have any questions, please feel free to call me directly or Jeff at 202-457-6434. We look forward to working with you to advance the overall economic and cultural interests of Native Hawaiians.[12]

Sincerely yours,

Thomas Hale Boggs, Jr.

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6. Land values in Alexandria are declining precipitously, owing to federal government downsizing, recommended by many of Boggs's corporate clients.

7. Boggs mentions his representation of Doyon, a regional corporation denounced by the Gwitchin people whose assets on the North Slope vanished down its maw. The lobbyist tactfully omits mention of the fact that his firm also represents Arco, Exxon, Mobil, Shell and Alyeska, the Alaskan pipeline company — all of them detested by the native peoples.

8. Hardly. The native peoples of Alaska have been robbed blind and now face — in the case of the Gwitchin — the threatened corporate conquest of the Alaskan National Wildlife Refuge by two of Boggs's clients, Arco and Exxon.

9. This interesting paragraph reveals the truly bipartisan nature of Boggs's lobbying outfit, Patton, Boggs & Blow, long considered Democratic in orientation. Boggs here invokes his close ties to three of the most rabid Republicans in Congress. The last sentence lauds Boggs's role in reversing the founding promise of North Slope oil drilling that the crude was for US domestic consumption only. Last spring Clinton announced, amid sphinx-like silence from the press, that Alaska's assets would now be sold to Asian customers. The only possible consequence for native Hawaiians was that their gas prices went up as cheaper Alaskan oil sailed past their refineries on the way to China and Japan.

10. This is the heart of Boggs's entire letter in which his tone drops into a delicate nudge-and-wink mode. "Possible options that the Governor might find attractive" indicates a whole treasury of allurements. Boggs's firm represents Duty Free Shoppers which gets very large revenues from Hawai'i International Airport. Duty Free Shoppers is also a major contributor to the Democratic Party to which Governor Cayetano belongs.

Gambling is the big prize. On more than one occasion Hawai'i's voters have rejected gambling. But native sovereignty opens up the likelihood of gambling on native sovereign properties and hence deals brokered by Boggs between mainland gambling interests and tractable locals such as Hee. As with native American tribes on the mainland, the native Hawaiians would find it hard to pass up this revenue flow. The paragraph trails away in a flurry of rib-nudging asides about "land swaps" and "other creative proposals" which should not be "publicly advocated too early in the process", while attention is carefully focused on some vast-sounding dollar prize for "sovereignty". Boggs does not feel it necessary to disclose that his firm has also represented Nansay Hawai'i, Dole Pineapple and Campbell estates, which carry enormous weight in Hawai'i's agricultural and real estate sector. Campbell estates, for example, is the seventh largest property holder in Hawai'i.

11. In the relevant editions of the *Washington Post* the most likely candidate for the article Boggs refers to is one by Saundra Torry, published on August 19, devoted to the thesis that soft money contributions from lawyers are corrupting the political system and that Patton, Boggs & Blow has been one of the largest contributors to the Democratic Party.

12. Boggs's letter was leaked out of OHA. The minority faction at OHA's board of trustees savagely rebuked Hee for his August journey to Babylon and his transactions with Boggs. Possibly for that reason, OHA and Boggs appear to have deferred a formal contractual arrangement for the time being. ■

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That Israel Waiver

Our October 16 article on how backers of the Code of Conduct (a bill that, theoretically, would ban arms sales to nations with poor human rights records) have kow-towed to the Israel lobby, provoked an uproar among peace and human rights organizers. Caleb Rossiter, of the Demilitarization for Democracy Project, has sent us a letter saying that our story has "woefully misled our readers".

Rossiter — whom we criticized for co-authoring a memo that assured members of Congress that Israel would not be affected by the legislation — claims the Code would not exempt Israel, as we reported. "To the contrary, our office and many others worked successfully with Senator [Mark] Hatfield during the recent Code debate to block an attempt ... to provide an exemption for all countries involved in the Middle East peace process," Rossiter writes.

Rossiter also disputes the word "loophole", which we used to describe a provision that allows Congress to "approve a national security waiver" for countries that don't meet the Code. He said that this is merely the law, not a loophole, because "Congress always has the right to pass a new law overriding an old one". In a phone interview, Rossiter said that in mentioning the possibility of a waiver for Israel in his memo, he was merely reflecting the "unfortunate political reality" that US support for Israel is so strong that the country will inevitably escape censure from Congress regardless of its human rights record.

If readers go back and examine our original story they'll see that Rossiter's response doesn't hold water. The Code may not technically exempt Israel, but the memo he helped draft eagerly provided for a *de facto* exemption for Israel by arguing, against overwhelming evidence to the contrary, that Israel is not guilty of "gross violations of human rights". The memo based this assertion on the State Department's evaluation of Israel's human rights record. It went on to argue that even if Israel is guilty of "gross" abuses the President and Congress "are likely to approve a national security waiver" anyway.

We can't see how such a posture can lead to an honest debate about US foreign policy and American support for repressive governments. It's as though activists seeking to strip China of most favored nation status assured Peking's supporters that their efforts shouldn't be taken seriously because China is so important an American ally that the President would veto their bill even if passed by Congress.

Worse, the entire memo drafted by Rossiter had a shamelessly pandering tone. The memo went out of its way to praise Israel, calling it a "flourishing democracy" that "promotes freedom of speech and association". This at a time when the Israeli parliament is expected to pass a bill — the first of its kind anywhere in the world — that would legalize the use of torture, or "moderate force" as the legislation politely puts it, against those deemed to be enemies of the state.

As to Rossiter's second point, we didn't criticize the Code for containing the Congressional waiver: we criticized his memo for flagrantly offering this provision up as a handy loophole in seeking to gain votes for the Code in Congress. ■

New Mr. Clean

When incoming freshman Rep. Brad Sherman of California was running for office last year, he posed as an outsider who would clean up Washington and reminded voters of his goody-goody past as former director of the state's chapter of Common Cause. But it seems that Sherman learned the ways of Washington even before entering the beltway.

Just weeks after winning office, Sherman sent an "Urgent Memorandum" to directors of Political Action Committees advising them that "schedul[ing] a meeting" with Mr. Clean required only a phone call to his aide Don McDonald. The memo helpfully noted that Sherman had been assigned to both the Budget Committee and the International Relations Committee, thereby signaling which companies might find it most expedient to purchase shares in the congressman. ■

(Gulag, cont. from p. 2)

prison the company managed was the Silverdale Workhouse in Hamilton County, Tennessee. After Commissioner Bob Long voted to accept CCA's bid for the project, the company awarded Long's pest control firm a lucrative contract. When Long decided the time was ripe to quit public life, CCA hired him to lobby on its behalf. CCA head Massey has been a major financial supporter of Lamar Alexander, the ex-Tennessee governor and failed presidential candidate. In one of a number of sweetheart deals, Lamar's wife, Honey Alexander, made more than $130,000 on a $5,000 investment in CCA. Current Tennessee Governor Ned McWherter is another CCA stockholder and is quoted in the company's 1995 annual report as saying that "the federal government would be well served to privatize all of their corrections".

The industry has also made generous use of the junket as a pr technique. Wackenhut recently flew a New York-based reporter from Switzerland — where the company is fishing for business — to Florida for a tour of one of its prisons. The reporter was driven around by limousine, had all her expenses covered and was otherwise treated royally. A few years ago CCA chartered a Lear jet to bring a group of British parliamentarians to the US to tour its institutions.

In another ominous development, the revolving door between public and private sector has led to the type of company boards typical of those in the military-industrial complex. CCA co-founders were T. Don Hutto, an ex-corrections commissioner in Virginia, and Tom Beasley, a former chairman of the Tennessee Republican Party. The company's board includes Michael Quinlan, once director of the Federal Bureau of Prisons. The board of Wackenhut is graced by a former Marine Corps commander, two retired Air Force generals and a former under secretary of the Air Force, as well as by James Thompson, ex governor of Illinois, Stuart Gerson, a former assistant US attorney general and Richard Staley, who previously worked with the INS.

Because they are private firms that answer to shareholders, prison companies have been predictably vigorous in seeking ways to cut costs. In 1985, a pri-

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vate firm tried to site a prison on a toxic waste dump in Pennsylvania, which it had bought for $1. Fortunately, that plan was rejected.

Many states pay private contractors a per diem rate, as low as $31 a prisoner in Texas. A federal investigation traced a 1994 riot at an Esmor immigration detention center to the company's having skimped on food, building repairs and guard salaries. At an Esmor-run halfway house in Manhattan, inspectors turned up leaky plumbing, exposed electrical wires, vermin and inadequate food.

To ratchet up profit margins, companies have cut corners on drug rehabilitation, counseling and literacy programs. In 1995, Wackenhut was investigated for diverting $700,000 intended for drug treatment programs at a Texas prison. In Florida the US Corrections Corporation violated of a provision in its state contract that requires prisoners to be placed in meaningful work or educational assignments. The company had assigned 235 prisoners as dorm orderlies when no more than 48 were needed and enrollment in education programs was well below what the contract called for. Such incidents led an inmate at a CCA facility in Tennessee to conclude, "There is something inherently sinister about making money from the incarceration of prisoners, and in putting CCA's bottom-line (money) before society's bottom line (rehabilitation)."

The companies try to cut costs by offering less training and pay to staff. Almost all workers at state prisons get union-scale pay but salaries for private prison guards range from about $7 to $10 per hour. Of course the companies are anti-union. When workers attempted to organize at Tennessee's South Central prison, CCA sent officials down from Nashville to quash the effort.

Poor pay and work conditions have led to huge turnover rates at private prisons. A report by the Florida auditor's office found that annual turnover at the Gadsden Correctional Facility for women, run by the US Corrections Corporation, was 200 per cent, ten times the rate at state prisons. We have minutes from an administrative meeting at a CCA prison in Tennessee where the "chief" is recorded as saying, "We all know that we have lots of new staff and are constantly in the training mode ... Many employees [are] totally lost and had never worked in corrections."

Private companies also try to nickel and dime prisoners in the effort to boost revenue. A prisoner at a Florida prison run by CCA has sued the company for charging a $2.50 fee per phone call and 50 cents per minute thereafter. The lawsuit also charges that it can take a prisoner more than a month to see a doctor. A number of prisoners complain about

Wage Slaves

Private prison companies have been predictably enthusiastic about the booming market for convict labor. Between 1980 and 1994, the value of goods produced by prisoners rose from $392 million to $1.31 billion. Inmates now make articles such as clothes, car parts, computer components, shoes, golf balls, soap, and furniture, in addition to staffing jailhouse telemarketing, data entry and print shop operations. Some states are assigning inmates to institutions after matching up their job skills with a prison's labor needs.

Prisoners at state-run institutions generally receive the minimum wage, though in some states, such as Colorado, wages fall to as low as $2 per hour (workers receive only about 20 per cent of that amount, with the rest going to pay room and board, victims compensation programs and other fees). As an added bonus, companies that employ prison labor have no need to offer benefits, vacation days or sick time to employees and many states offer such firms tax breaks and other advantages as well.

Lured by such enticements, many big firms have moved eagerly into the prison-industrial complex. Trans World Airlines pays prison workers $5 per hour to book reservations by phone, less than a third of the rate it previously paid to its own employees. The United Auto Workers succeeded in shutting down a program at an Ohio prison where the Weastec corporation was paying prisoners $2.05 per hour to assemble parts for Honda cars.

For businesses, the deal is even sweeter at private prisons where pay rates can be as low as 17 cents per hour for a six hour maximum day, which translates into a monthly pay check of about $20. The maximum pay scale at a CCA prison in Tennessee is 50 cents an hour for what are classified as "highly skilled positions". Given such rates it's not surprising that a prisoner there complained about the relative generosity of publicly-run programs, saying, "At federal prisons you can take home $1.25 per hour and work eight hour days, sometimes even double shifts. A two, three or four hundred dollars a month check isn't unusual in the federal."

Thanks to prison labor, America is again attracting the sorts of jobs that were formerly available only to workers of the Third World. A US company operating in Mexico's maquiladora zone shut down its data processing shop and moved it to the San Quenton State Prison in California. A Texas factory booted 150 workers and set up shop at a privately-run prison in Lockhart, Texas, where worker/inmates assemble circuit boards for companies including IBM and Compaq. Oregon State Rep. Kevin Mannix has even encouraged Nike to shift production from Indonesia to his home state, saying the shoemaker should "take a look at transportation and labor costs. We could offer competitive prison labor [here]". ■

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exorbitant prices. "Canteen prices are outrageous," writes a prisoner at the Gadsden facility in Florida. "[We] pay more for a pack of cigarettes than in the free world." Neither do private firms provide prisoners with soap, toothpaste, tooth brushes or writing paper. One female prisoner at a CCA prison in New Mexico says: "The state gives five free postage paid envelopes per month to prisoners, nothing at CCA. State provides new coats, jeans, shirts, underwear and replaces them as needed. CCA rarely buys new clothing and inmates are often issued tattered and stained clothing. Same goes for linens. Also ration toilet paper and paper towels. If you run out, too bad — 3 rolls every two weeks."

General conditions at private prisons appear in some respects to be a bit better than those found at state institutions, a fact possibly linked to the negative business impact that a prison disturbance can cause private firms. For example, the share price of stock in Esmor plunged from $20 to $7 after a 1994 revolt at the company's detention center for immigrants in Elizabeth, New Jersey.

Nevertheless serious problems at private prisons still exist. In the mid-1980s, a visiting group of professional guards from England toured the CCA's 360-bed state prison in Chattanooga, Tennessee, and reported that inmates were "cruelly treated" and "problem" prisoners had been gagged with sticky tape. The warden regaled his guests with graphic descriptions of strip shows performed by female inmates for male guards.

Investigators at a CCA jail in New Mexico found that guards had inflicted injuries on prisoners ranging from cuts and scrapes to broken bones. Riots have erupted at various private facilities. In one of the worst, guards at CCA's West Tennessee Detention Center fired pepper gas canisters into two dormitories to quell a riot after prisoners shipped from North Carolina revolted over being sent far from their families.

One firm sells a system that barcodes prisoners and allows guards to monitor them with a scanner.

In addition to the companies that directly manage America's prisons, many other firms are getting a piece of the private prison action. American Express has invested millions of dollars in private prison construction in Oklahoma and General Electric has helped finance construction in Tennessee. Goldman Sachs & Co., Merrill Lynch, Smith Barney, among other Wall Street firms, have made huge sums by underwriting prison construction with the sale of tax-exempt bonds, this now a thriving $2.3 billion industry.

Weapons makers see public and private prisons as a new outlet for "defense" technology, such as electronic bracelets and stun guns. Private transport companies have lucrative contracts to move prisoners within and across state lines; health care companies supply jails with doctors and nurses; food service firms provide prisoners with meals. High-tech firms are also moving into the field; the Que-Tel Corp hopes for vigorous sales of its new system whereby prisoners are bar coded and guards carry scanners to monitor their movements. Phone companies such as AT&T chase after the enormously lucrative prison business.

Three-quarters of new admissions to US jails and prisons are now African-American and Hispanic men. This trend, combined with an increasingly privatized and profitable prison system run largely by whites, makes for what Jerome Miller, a former youth corrections officer in Pennsylvania and Massachusetts, calls the emerging Gulag State.

Miller predicts that the Gulag State will be in place within 15 years. He expects three to five million people to be behind bars, including an absolute majority of African-American men. It's comparable, he says, to the post-Civil War period, when authorities came to view the prison system as a cheaper, more efficient substitute for slavery. Of the state's current approach to crime and law enforcement, Miller says, "The race card has changed the whole playing field. Because the prison system doesn't affect a significant percentage of young white men we'll increasingly see prisoners treated as commodities. For now the situation is a bit more benign than it was back in the 19th century but I'm not sure it will stay that way for long." ■

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